1913-14

P 50E

(Not to be destroyed)

Previous references.

1913-14
(G.F.)

File No. 163-13
Serial No. 1

Later references.

G.F. 218-16 Nos 1 1
(G.F. 71-26-B/12 Septr 18

GENERAL AND REVENUE SECRETARIAT.

Serial No. 1

Part B. for April 1914

SUBJECT

Draft rules for financing Feeder Railways in the State.

No. 1.

From
The Compiler,
Mysore Gazette.
No. Nil of 1732-81.

Forwards, for publication in the Gazette, certain rules explaining the concession that will be given to promoters of light Railways in the State, with a request that 500 copies thereof may be transmitted to Govt.

G. P. S. 58
GPB—4,000—4-7-11

G.R.S. 11] 1913-14

GENERAL AND REVENUE SECRETARIAT.

(S.F.)

NOTES.

File No. 163-13

FILE HEADING.

Draft rule for financing Feeder Railways in the State.

From

No.	Dated	Received

L No.	Enclos.	Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

NOTES AND ORDERS.

ES—First Sheet.

I.P.J.O

3—35,000—15-6-12

To the Controller for favour of a note with practical proposals for financing such schemes.

26.11.13

D. O. No. 7845

DY. COMPTR

FOR A NOTE.

URGENT.

Camp, Tirthahalli. 18th November 1913.

COMPTROLLER'S OFFICE
REGD. NO. 560
26 NOV 1913

My Dear Sir,

I believe you will be pleased to learn that we are taking practical action in regard to the question of railway extension in this district. I have been interviewing the principal men of this taluk and had an informal meeting today, at which about twenty-five of the leading men were present. The question of extending the railway to Tirthahalli by a direct line from Shimoga or by continuing the Tarikeri-Yedahalli line either directly or by way of Koppa was carefully considered, and, for reasons which I think are perfectly sound, they have both been given up in favour of a line from Shimoga via Avanur, Hipponpet, Humchdakatte and on to Tirthahalli. This line will be longer than a direct line from Shimoga to Tirthahalli by about

45 miles, but if the existing manganese tramway line is used the excess will be only 2 miles, and the longer route has immense advantages (1) as it passes through very much easier country; (2) as the tract which it taps is much richer and more populous and (3) as it will be of advantage also to the Nagar and Sagar taluks. The line can be easily taken from Ripponpet to Sagar via, Anantapoor, a distance of 21 miles, and this would be of advantage also to the Shikarpur and Sorab taluks and attract a great deal of the trade which now passes via, Shiralkoppa to the Dharwar District.

The people of this taluk are most keen about the matter, and shares of the value of Rupees 1, 13, 000 were subscribed for on the spot by twenty persons, the number of shares taken up by each person ranging from 10 to 250 (of the value of Rs 100 each). I am quite confident about raising a capital of three lakhs in this taluk alone. Other taluks are, as you know, not equally wealthy. But if the continuation of

the line to Sagar also is taken up at the same time, I can collect about 5½ lakhs, which would be more than one half of the total cost.

When you spoke to me about the subject at Shimoga last month, you were so good as to say that if the people came forward, the Government would take up shares up to the extent of one half of the total cost, and would guarantee interest at 4% for about ten or fifteen years. This enabled me to tell the people that I had an informal assurance on the subject, and that accounts for the very satisfactory response which the proposal has met with.

I wrote a few days ago to the Secretary for Railways in regard to the extension of the Tarikere - Vedehalli line to Tirthahalli etc. After to-day's meet -ing, I have written to him to take early steps for - surveying the line now proposed and furnishing me with an estimate of cost.

I request you to very kindly (1) ask the Secretary

for Railways to take early action in the matter; (2) to give us a definite assurance that Govt. would take shares up to half the total cost and guarantee interest at 4% for about 15 years; (3) permit me to go ahead with the framing of a prospectus. If you will kindly do this, I have every confidence that the whole scheme can be worked up in three months, and the railway both to Tirtha-halli and Sagar become an accomplished fact probably within a year. I need hardly say that this would perhaps do more than anything else for the improvement of the Malnad.

I came here for the sandal-wood auction sales, the results of which exceeded all our hopes, the average price realised being more than Rs 100/- a ton over last year's record figure, and a maximum price of Rs. 1,472 a ton being received for some varieties.

Yours sincerely,

M. Visvesvaraya Esq., C. I. E.,
Dewan of Mysore.

From the point of view of ability to finance the construction of feeder lines the District Boards may be divided into three classes:--

(1) Those that can find the whole capital

(2) Those that can find a substantial portion (say half) of the capital

and (3) Those that can find either less than half or none at all.

District Boards are not the only agencies for constructing light railways. The case of companies should also be considered. MR 10/12

2. In the case of a Board coming under class (1) the following arrangement which is generally in accordance with the terms allowed in British India to branch line companies, may be adopted.--

(1) the Government to guarantee interest at 4 % on the debenture loan raised by the Board

For a definite period say 20 or 25 years - MR 10/12

(2) Surplus of revenue account over 5 % ~~of~~ on the debenture loan to be divided equally between the Government and the Board

(1a) Govt to arrange for working if desired, for a definite percentage of gross earnings. MR 10/12

(3) A railway cess to be levied and the proceeds ~~of~~ used for meeting any loss on working (i.e. difference between revenue receipts and revenue expenditure exclusive of interest on the debenture loan) and for forming a sinking fund for repaying the loan. The rate of cess may be adjusted to meet only these demands.

The cess is to be levied only when a prescribed length (say 50 miles) is taken up in a District or when a Taluk benefits materially by the construction of a railway. In the above system which is one of Govt guarantee & not Board guarantee the cess should simply be funded to be utilized as Govt may order. MR 10/12

Under this proposal the Board is not liable for interest and there is no need for using the railway cess for payment of interest. When the railway revenue account leaves a balance sufficient for the sinking fund contribution even the imposition of the cess may become unnecessary.

3. In the case of a Board coming under class (2) the

class (2) the following arrangement may be adopted:-

(1) The Government to guarantee interest at 4 % on debentures equal to half the capital, raised by the Board.

(2) The balance of half the capital to be advanced as a loan to the Board.

(3) A railway cess to be levied for meeting loss on working (i.e. excess of revenue ~~receipts~~ expenditure over revenue ~~expenditure~~ receipts excluding interest on debenture loan taken from the public) and for forming a sinking fund for discharging the loan from the public and from the Government

On what area is the cess to be levied. If cess on a whole district is used for a particular line of railway, what will be the arrangement as to further new lines ~~are~~ are constructed. MR 17/2

(4) Till the Government loan is repaid the whole surplus of revenue account over 4 % ~~of~~ on the public loan to be made over to the Government in return for their liability of the guarantee of interest on the public loan and towards interest on the amount advanced by them as a loan. This loan need not bear any interest otherwise. When the Board is able subsequently to repay the ~~loan~~ Government loan by raising additional debentures interest on which will be guaranteed by Government, surplus profits over 5 % on the total public loan may be divided equally between the Government and the Board.

The merits of this proposal are the following:

(1) No burden is placed upon the Board. The loss, if any, on working is met from the railway cess; interest on public loan is paid by Government if the railway revenue account cannot pay it; and on the loan given by Government the Board will pay interest only from

from the railway profits, if made..

(2) Till their loan is repaid Government get the whole profits and no loss on working falls on them as it is met from the railway cess. If such profits minus payments made for interest guarantee do not give 4 % on the loan advanced the deficiency is the cost borne by Government for providing the railway. Such loss would be borne by Government even if the railway were entirely financed by them and the arrangement does not therefore impose any additional burden on them.

4. In the case of a Board coming under class (3) any railway if built in its jurisdiction will have to be practically financed by Governments and treated as a State Railway and the Board can have no concern with it.

But a can cannot be. Carries without the formation of a local fund. Board. ML 10/12

5. The Bowringpet-Kolar Railway comes under class (1). This case may be dealt with separately and not in combination with the proposal to continue the line to Chikballapur. A draft Government Order regarding Government assistance in supersession of paras 1 and 2 of G.O. dated 5th December 1911 is put up.

The extension from Kolar to Chikballapur may be dealt with as a separate line proposed by the Kolar District Board. Mr. Bowring thinks that the saving on Bowringpet-Kolar Railway estimate and additional loans promised by the people of the district will amount to half the cost of this extension which can therefore be brought under class (2). Mr. Matthan is confident of raising half the capital for the lines in Shimoga

District

District proposed by him and they also come under class (2)½ The other feeder lines can also be brought under class (2) if the respective District Boards are serious about them and raise half the required capital. Other branch lines will have to wait till Government can find money for them.

6. The branch lines under consideration and their approximate capital cost and mileage ~~cost~~ are noted below:-

	Miles	cost (Lakhs)
Kolar-Chikballapur.. ..	53	15
Chikjagur-Chitaldrug ..	21	8½
Chitaldrug-Hiriyur	27	11
Bangalore-Hosur	20	7
Shimoga-Tirthahalli-Sagar ..	83	11*

* As taken by Mr. Matthan in his D.O. dated the 18th November 1913.

Kadur-Chikmagalur-Hassan ..	61	24
		76½
		76½

7. If the above lines come under class (2) the amount required for being advanced to the Boards is 38 lakhs.

The amount included on account of branch lines in the railway programme the financing of which has been considered feasible without any borrowing by Government is as follows:-

Bangalore-Hosur..	..7 lakhs
Loans &c. to subsidised railways ...	.15 ,,
	22 ,,

This total has to be reduced by 5½ lakhs owing to the revised

the revised estimate for the Mysore Arsikere line being 67¼ lakhs against 65 as originally taken and to the undertaking as a State concern at a cost of 3¼ lakhs of the Tarikere-Yedahalli tramway--a work not included in the programme for 108 lakhs. The balance is (22-5½) or 16½ lakhs. The Ways and Means Note on the Railway and Kannambady projects has assumed that the accounts for 1911-12 and 1912-13 will be balanced resulting in no surplus. As a matter of fact, however, there were very large surpluses in these two years amounting to 43 lakhs and this is an addition to Government balance and to the resources of the treasury. Including this the amount available is 16½ plus 43 or 59½ lakhs. Of this about 5 lakhs may be required to be advanced to the Bangalore-Chikballapur Light Railway Co. if it cannot raise all the money required for its line. The balance of 54½ lakhs will be more than sufficient for advancing to District Boards, half the cost of all the feeder lines which are now under contemplation and which are estimated to cost 76½ lakhs. vide para 6 supra.

8. It will thus been that any District Board which is able to raise half the capital required for any of the above lines can, with Government help, have its lines taken up for construction and Government is also in a position to render the required help out of the revenue and cash balances and without recourse to borrowing.

9. One more point may be noted. According to the above proposals Government will have guaranteed interest on a capital of about 47 lakhs (38 lakhs noted in para 6

in para 6 supra plus 4 lakhs for Bowringpet-Kolar Railway plus 5 lakhs for Bangalore-Chikballapur Light Railway). The maximum liability on this account will be Rs.1,88,000 and this will be an annual charge. But there is no reason to think that all the lines will work at a loss or that a line which does not pay interest in one year may not do so in the next. The general tendency is for railway earnings to improve. There is therefore no reason to fear that this financial liability implied by the guarantee will be more than can be met easily by Government. In the worst year the liability may not go beyond a lakh and this charge the annual budgets can bear.

8.12.13

(DRAFT G.O)

The Government ~~are pleased to~~ direct that the following ~~be substituted for~~ modification paragraphs 1 and 2 of Government Order No.289-9Z-Ry.F./124-11-12 dated the 5th December 1911 relative to the financial assistance which they are pleased to render to the D.B. Kolar in connexion with the B.K. Rly

(alternate)

1. i. Guarantee of 4 % interest on the debenture loan of 4 lakhs raised by the Board for a period of 25 years commencing from the time the line shall have been opened for public traffic subject to the condition that all surplus profits in excess of 5 % on the loan (of which 4 % is interest payable to the debenture holders and the remaining 1 % ~~be indivisible~~ the undivided surplus belonging to the District Board) will be divided equally between the Government and the Board.

ii. Interest during construction to be charged to capital

2. The District Board shall make provision to form a sinking fund to pay off the loan capital [~~at~~ the end of 25 years] and this fund shall be formed out of the share of the surplus profit payable to them [or from a railway cess to be levied for this purpose as also for bearing loss, if any, on working or from both sources.]

[as early as practicable] M 17/11

[ ] omit M 17/11

For a separate set of rules on entirely different lines drafted by me Please see papers attached. M

M 8/12/13

G. R. S. 12]

12

General and Revenue Secretariat. | File No. of 191 .

Serial No.

Please obtain the Railway Secretary's opinion and then circulate to Council.

There will be no difficulty in providing about 50 lakhs to meet the State's share in the construction of feeder lines. I see no objection therefore to our taking up all promising feeder lines, where the whole or not less than half the capital required for a line is raised from other sources.

I think we may wait for some time before formulating a general policy applicable to all lines. At present, we may go on granting concessions on the lines laid down in the Government of India Resolution No.457/R.P. of 1913 to private companies desiring to undertake the construction of feeder lines. The guaranteed rate of interest may however be fixed at 4% instead of 3½%.

Until a railway cess is levied, it may not be possible to carry out any extensive programme of Branch lines. But His Highness has already permitted the introduction of a Bill into the Legislative Council with the object of reserving power to levy a cess up to a limit of 6 pies per rupee on all items of revenue on which local cess is now levied. After a cess is levied, I see no objection to allowing the District Board concerned to get the benefit of the levy and permit them to raise loans.

NOTE—Contn. sheet.

GPR—60,000—7-11-13

G. R. S. 12]

13

General and Revenue Secretariat. | File No. of 191 .

Serial No.

The improvement of the constitution of Local and District Boards is engaging attention and when this measure is carried out, it may be possible to give larger powers to District Boards. At any rate the policy of encouraging the local inhabitants to invest money on the lines in their district and give them an interest in Railway lines, should be steadily pursued. I find that the results of the Kolar-Bowringpet Railway in this respect have been most satisfactory.

As regards the lines for the construction of which the Deputy Commissioners state that they will be able to raise a part of the cost locally by means of loans if interest is guaranteed, such as the Bowringpet-Kolar Railway Extension to Chikballapur, the proposed line from Shimoga to Tirthahalli via Ayanur and Riponpet and the Chitaldrug-Chikjajur line, I think that Government may guarantee interest at 4% on loans raised locally and advance the remainder on the basis of joint partnership of the line.

OFFICE OF ... FOR RAILWAYS, P.W.D.
Reg. No. 2-12-20
29 DEC 1913
GOVERNMENT OF MYSORE.

24-12-13.

Forwarded with compliments to the Secy to the Govt of Mysore for Rep for favour of opinion & return.

26.XII.13.

D.O.

Submitted to Secretary

GPB—60,000—7-11-13

29/12/13

29/12

Ky. 10]

Railway Secretariat. | File No. of 191 .

Serial No.

743

Memo Fl.Mis.No.743 dated 26th December 1913 from the Assistant Financial Secretary forwarding for opinion a memorandum drawn up by the Deputy Comp--troller regarding the financing of feeder lines in th State together with the Dewan's remarks thereon.

*****

U.O.No. 2 Encl 1 bundle of Files as per list.

Returned, with compliments, to the Assistant Secretary, Financial Department.

2. So far as I can gather, the questions under consideration chiefly concern the Finance and Legisla--tive Departments. The only point on which my opinio may be needed is the cost of light railways as given in para 7 of Mr. Chakravarti's note of 17th December 191 From my experience in this State, I should say that fo feeder railways of the nature contemplated, Rs20,000 a mile would be a nearer estimate than Rs25,000 for co -struction and first equipment, though more capital will of course be necessary as the traffic on them develops.

E. A. Bell

Bangalore, Secretary for Railways,

8th January 1913. Government of Mysore.

To Sub Dy Secy for favour of advising Circular

GPB—1,500—5-8-13

10.1.14

Ile given to the Secretary on 16.1.14 and returned on 19.1.14.

Circulated 15/1

General and Revenue Secretariat. | File No. of 191 .

Serial No.

I am still for simplifying the Policy by making the lines State lines from the beginning. That will not interfere with our levying the ~~loc~~ railway cess in any manner, or with raising loans in each district for the purpose before particular lines are taken up. Our State departments are not after all so distant from the general body of the Public as in a large area like British India. If eventually, we arrive at a stage of finding substantial surplus in the ~~profits~~ proceeds of these railways, there will be nothing to prevent Govt. in allowing the Dist. Boards to share in the prosperity.

As for the Shimoga lines, I am not sure that the Connection

NOTE—Contn. sheet.

GPB—60,000—7-11-13

of Turthalli & Sagar through Ripunpet would be advisable. ~~Sagar~~ These two are the most considerable places in the district, and I see no advantage in lengthening the distance by about 20 miles to each place. The country between Ayanur & Ripunpet is very sparsely populated and so is Nagar Taluk which would be served by going to Ripunpet. ~~It~~ Turthalli may be better reached from Koppa side or directly from Shimoga; and Sagar should I think have a direct connection with Shimoga. We may think of going to Kalasa-Kalle later on from Ayanur but there is no particular hurry for it.

I do not think that there

Serial No.

are any other points on which I need record an opinion at this stage.

22/1/14

I have gone over the rules proposed. I have nothing to add to them. Even if the plan proposed by me is adopted, these rules seem to be suitable with perhaps slight alterations.

50 lakhs as proposed may well be laid aside for these Minor railways.

22/1/14

23/1

G. R. S. 12]

General and Revenue Secretariat. | File No. of 191 .

Serial No.

Under Secy with Dewan

Herewith is the revised draft of rules for financing feeder Railways. Kindly place them before the Dewan Saheb for orders as early as practicable. Please also inform him that these rules were thoroughly discussed and revised at a meeting of yourself, Mr. M. R. Krishna Rao Mr. D. G. Dave and myself and that the present draft incorporates all the points desired by the Dewan Saheb of which you had notes. JM 2/2/14

578

(1) The rules may be circulated to the Members of Council for favour of their suggestions and be kept up for consideration at an early meeting of Council.

A copy of the Rules may also be sent to the Ry. Secretary for favour of his remarks

I am much obliged to the Financial Secretary for furnishing the draft rules so promptly.

3-2-14. RG

D/S Fin

(2) Please attend to (2) above and then transfer the file to G+R Secy for (1). On receipt of reply thereto (2) it should be sent on to G+R Secy for being placed on the file. JM 4/2 Initials 6.2.14

NOTE—Contn. sheet.

GPB—60,000—25-9-13.

G. R. S. 12]

General and Revenue Secretariat. | File No. of 191 .

Serial No.

94

A copy of the rules has been separately sent to the Hy Secy for remarks as personally directed by the Hon Secy. He came into the Secretariat submitted in Tamil and returned back.

The file is submitted in the meanwhile to the Hy Secy for favour of ordering circulation

S-2-14

Secy)

Circulate

Secy 7/2

Leen XRW 10.2.14

NOTE—Contn. sheet.

GPB—60,000—7-11-13

G. R. S. 12]

General and Revenue Secretariat. | File No. | of 191 .

Serial No.

The Fin Secy wanted me to discuss the Gushkin with him instead of 3rd Nepla may be sent him today Dmw 13/2

The Financial Secretary's Note was taken up at the meeting of the Council on the 11th instant and was ordered to be sent back to him for revision in accordance with the instructions given at the Council meeting. The revised Note will be considered by the Council at its next meeting.

Forwarded with compliments to the Financial Secretary for favour of doing the needful.

D. M. Narang Clerk 13/2

Discussed with Dy Secy and the revised draft rules made over to him with the file for necessary action — in M 18/2/14

(Secy) A clean copy of the draft rules as revised by the Secy may be put up. 2 19/2

Dmw 19/2

To be treated as very urgent & the file sent back in the afternoon 2 days. 2 19/2 Pmw 19/2

Rec'd 4-45 pm Submitted Asstt Secy Draft Typed Kindly Typing Section 19/2/14

NOTE—Contn. sheet.

GPB—60,000—7-11-13

(G. R. S. 12)

21

General and Revenue Secretariat. | File No. | of 191 .

Serial No.

743

Subd with 2 typed copies of the Draft Rules as revised by the H. Secretary.

SN
21/2/14 Secy)

4/21.2.14

C. Secy

~~Circulated to Council as~~

~~per Dewan's desire~~

How has Railway Secy's opinion on his copy been received?

20 on Ex. B ii

4/21/2

Not yet. Hardie desired in Centn. When received.

Secy)

4/21.2.14

C. Secy

Circulate to Council as

asked by the Dewan at p 18

2

21/2

Len

DKRao

26.2.14

2/28/2

Under Rule 7, the advance means a loan. I do not see why it should be treated as a final payment (i.e. as a gift) to the Railway Co.;

NOTE—Contn. sheet.

GPB—60,000—7-11-13

Serial No.

as suggested by Ry Secy, without rule 6 being applied. [I suppose such loans will be treated as due to the Ry Feeder Fund.] If ~~I am of opinion~~ Govt this will be all right if rule 7 is altogether deleted.

I think the rules as drafted by Fl Secy may be adopted.

3/3/14

5/3

The revised rules are all right & may be issued

6/3

Dewan 6/3

8028
6.3.14

GPE—60,000—7-11-13

G.R.S. 13]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

I beg to submit herewith the file containing Draft rules for financing feeder railways, as personally drafted by me.

11/3/14

I have made some amendments in the Copy of the proposed rules, the effect of which will be that the Railway cess will continue to be a separate unit for each district. The 'Railway Feeders' Fund' is an unnecessary fiction and has been left out. I think that these rules which declare the general policy of Govt may be adopted.

12/3/14

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

GPB—20,000—14-7-13

G. R. S. 12]

General and Revenue Secretariat. | File No. | of 191 .

Serial No.

743

This file was received by me for opinion on 15.3.14 with U.S.D's D.O. of 13.3.14.

The draft rules as finally amended may issue.

As regards sinking funds, it may be mentioned in each agreement that the whole or part of the profits accruing to a District board on lines financed by the Board should be set apart as a sinking fund to discharge the debentures in course of time so that the Board may become absolute proprietor. For company lines no sinking fund is required. M 15/3

16/3/14.

Dewan)

8293
16.3.14

GPB—60,000—7-11-13

Financing of Feeder Railways.

URGENT.

1. With reference to Dewan Sahib's order on Mr. Mathan's D.O. of 18th November 1913, I submit herewith a brief set of rules on the subject. Mr. M.N.Krishna Rao's note on the subject is also attached.

2. If the Feeder Railways Fund be established as suggested, its accounts will at any time indicate the gain or loss to Government for encouraging Feeder Railways.

3. The Feeder Railways Fund accounts may be kept District-war but such a course will not be convenient as there will be many lines passing through more than one District e.g. Bangalore-Chickballapur, Hassan-Chickmagalur etc.

(14) Kept in rules

4. When any line steadily brings in profit under rule (8), the question of abolishing the cess in the Taluks concerned, may be considered. But in my opinion such a course is not desirable and I have therefore not provided for it in the rules. It is necessary and justifiable to tax developed parts to improve undeveloped areas.

(13) Kept in rules

5. The Feeder Railways Fund will be a local Fund administered by Government. When a considerable balance accumulates in it, it will be lawful for Government to utilize it in any way for the development of feeder railways in the State, due consideration being shown to the wishes of the Districts which contribute mainly to the surplus.

6. No separate sinking fund is provided for. In the case of District Boards financing any railway by debenture loan, it may be ruled that surplus profits received under rule 9 should be formed into a sinking fund so that in course of time the District Board concerned may become the absolute proprietor after repaying debentures.

To be borne in mind in drafting agreements

7. There will be no difficulty about funds in working the rules proposed for a programme, say, of 400 miles of light railway. At the rate of 25,000 rupees a mile, the capital required for 400 miles will be 100 lakhs and the maximum amount of Government capital required 50 lakhs. Our finances permit of investment in light railways to this extent. As regards annual charges, the Feeder Railways Fund may be expected to be self-supporting, unless very unprofitable lines are constructed. Even if a contribution is necessary to this fund for some time the amount can be easily found.

8. I recommend the adoption of the rules which I have tried to make simple, elastic and workable. Legislation may be undertaken on these lines.

D.V.H.

JChakravarti

17.12.13

Draft rules for financing Feeder Railwa in Mysore State.

1. The concessions to be given to promoters of light Railways in the State will be decided in each case by Government and embodied in detail in separate agreements. Such concessions will be generall on the lines adopted in British India (vide the latest rules published in the Gazette of India Part I dated 29th November 1913 pages 1304 to 1311) with the modification that the guarantee rate in Mysore State will be 4 % instead of 3½ % and with some minor changes indicated by the rules below or other special orders of Government. These rules relate only to financing arrangements. The Govt of India rules are appended hereto, extracts from which are applicable to local conditions.

2. Whenever a District Board, a private company or any other body offers to raise capital for constructing a feeder railway the Government may, after such enquiry as they may deem fit, guarantee the payment of interest on such capital at 4 % per annum for a period not exceeding 30 years.

3. If such financing body raises at least half the capital required for a line, the Government may supply the remaining capital and arrange for the line being constructed.

4. In deciding such cases Government will give preference to lines according to their importance and also according to the proportion of capital raised by the financing body. Local enterprise in this direction will have preference.

5. Until the Government share of the capital can be recouped by fresh capital from outside, all arrangements for construction and working of the line will be entirely in the hands of Government. Such recoupment will not be allowed after ten years from the completion of the line except at the optior of the Government.

Para 6,

7. If the line works at a loss, such loss and also interest at 4 % per annum on the whole capital will be drawn from the Feeder Railways Fund. ~~(vide rule 11 below).~~

8. If the line works at a profit of less than 4 % per annum an amount sufficient to raise the return to 4 % on the whole capital will be drawn from the Feeder Railways Fund.

9. In the circumstances stated in paras 7 & 8 above, each party will get 4 % on its capital.

10. If the line works at a profit of over 4 %, half the extra profits will go to the Feeder Railways Fund before division according to capital is made.

(12) —

11. (a) As an alternative arrangement to that contained in paragraphs 7, 8 & 10 the amounts drawn from the Feeder Rys Fund may be treated as an advance to the particular Railway to be repaid with interest at 4%. In that case the whole of the profits will be available for distribution in proportion to capital and part of the profits going to the Feeder Railways Fund.

12. 15. The foregoing rules will apply mutatis mutandis to cases where the whole capital is furnished by the financing body or where more than one financing body besides Government are concerned.

(6)

~~11~~. Whenever in the opinion of Government a Taluk has materially benefitted by the opening of a light Railway or is to benefit materially by a light Railway line under construction, the local cess in that Taluk may be raised to a rate not exceeding 1½ annas in the rupee. The extra cess will be formed into a Provincial fund called the "Feeder Railways Fund."

12. ~~11(a)~~ The losses under the rules 4 and 5 and the ~~gains~~ profits under 10 will be taken to the 7. Railway fund. The fund may also receive such grants-in-aid from Government as may be considered desirable in the interests of feeder railway expansion in the State.

17/12

12. [Para 5 of preceding note]

GOVERNMENT OF MYSORE

Bangalore
13-3-14

My dear Sir,

I send herewith the file regarding the financing of Feeder Railways in the State.

The draft submitted by you, has been slightly revised by the First Councillor. The Dewan desires to know whether you have any objection

to the issue of the rules as given in the final draft.

In the rules nothing is said as to the formation of a sinking fund. It is presumed that a provision for this purpose

will be made separately
in each agreement for
a feeder line.

The file may kindly
be returned to me early
to the Kolar Court.

Yours sincerely
Pethanperumal

Dewan Bahadur
J. S Bhakavanthi
M.A M.R.A.S

No. C-183

19.1.1914

GENERAL AND REVENUE SECRETARIAT.

SUBJECT.

Draft rules for financing Feeder Railways in the State.

CIRCULATED TO THE MEMBERS OF COUNCIL FOR PERUSAL OF HIS HIGHNESS' ORDERS.

By Order,

3rd April 1914.

Secretary to Government.

Extraordinary Member of Council. Seen by the Extraordinary Member of Council.

First Member of Council. Seen by the First member of Council.

Second Member of Council. Well 7/4

GPB—200—1-4-14

Submitted to His Highness.

N

I submit herewith for approval draft rules for financing Feeder Railways in the Mysore State.

2. The Rules were first prepared by the Financial Secretary and after some preliminary consultation in Council, the rules were revised by a Committee consisting of the Financial Secretary, Under Secretary for Railways, the Deputy Comptroller and the Under Secretary on duty with the Dewan.

Pages 247 the office notes

3. The revised rules were considered in Council and again revised by the Financial Secretary.

4. The principles contained in the rules have generally been accepted by the Railway Secretary, who however has made a few suggestions as regards minor matters of detail.

5. It was first intended to have a general feeder railways fund for the whole State for guaranteeing interest on loans; but as the bulk of the fund would be derived from the railway cess, it has been considered desirable for the present to treat each district as a separate unit and utilize the cess as far as possible for railway extensions in the district. The rules clearly explain the concessions that will be given to promoters of light railways in the State. A public expression of the policy may be expected to have a very stimulating effect on local enterprise in the construction of railways. In the case of lines financed by District Boards, it will be provided in each agreement that the District Board should set apart the whole or part of the profit accruing to the District Boards on lines financed by them to form a sinking fund to discharge the debentures

in course of time.

Page 22 of the office notes

6. The rules which are agreed to by the Council may be approved. They will be notified in the Gazette and widely published.

M. Von Donop
26th Mar - 1914

178
C.183

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

Draft rules for financing Feeder Railways in the State.

2311
28.3.14

835.

Order.

~~KRMP~~
31/3/14

To the Financial Secretary
who will be good enough to issue
the Rules after consulting the Ry Secretary

2.4.14.

4.4.14

8/4/14

9/4

Financing Feeder Railways

G. R. S. 12]

General and Revenue Secretariat. | File No. | of 191 .

Serial No.

Subd with a draft notification publishing the rules. This has to be sent to the Rly Secy (vide Dewan's order of 7/4/14).

SN 11/13/4/14

Whether ways & means to issue the above rules as proposed in the Gazette, for Copies to be distributed among Road Cart. A draft agreement to be executed proposed appl. Perhaps be necessary the file may be sent to the Rly Secy for remarks if any on the rules as finally sanctioned as desired by the Dewan

Rlsecy

H Denis 1229

Prepare a typed draft as indicated in blue pencil & resubmit.

M 14/4

Typing Section

14/4/14

Subd with a typed draft.

SN 15/4

Rlsecy

To Rly Secy for favour of opinion on the draft notification. (Dewan's order of 7.4.14)

M 16/4/14.

NOTE—Contn. sheet.

GPB—60,000—7-11-13

G. R. S. 12]

General and Revenue Secretariat. | File No. | of 191 .

Serial No.

1229
II
20/4

U.O.No. 46
1 bdle containing 7 files

Returned, with compliments, to the Secre-
-tary to Government, Financial Department, with the
following remarks.

Under rule 7 the proportion is apparently
to be struck on the total contributions made through-
-out all years of loss - that is to say, it will be
necessary to maintain a sort of running current - -
account which presumably will never be closed. - -
Apparently the alternative scheme of borrowing from
State funds (Vide rule 6) is not to be permitted in
the case of District Boards who have accumulated
funds under a railway cess.

R. A. Bell

Bangalore,
18th April 1914.

Secretary for Railways,
Government of Mysore.

20

Sub²
20/4/14

I think that the Contributions for & the State Rulers repaid should be a Running account and the acct can never be closed as suggested & the Rly Secy. I do not think it is intended that Rule 6 should be applicable to Cases coming under Rule 7.

21/4

M S Fin

The suppositions in Rly Secy's note are correct. The notn. may now come up. JR 24/4

It should also be published in the Gazette. JR 21/4

NOTE—Contn. sheet.

GPI—60,000—7-11-13

G. . S. 12]

General Revenue Secretariat.

GF File No. 163 of 1913-14.

Serial No.	
1	To the Compiler Mysore Gazette No Re: 4932-81. Forwards, for publication in the Gazette, certain Rules explaining the concessions that will be given to promoters of Light Railways in the State, with a request that 5 copies thereof may be transmitted to Govt
	To The Secy: to Govt: for Rys. " Comptroller to Govt: " Dy: Comrs: of Wks No: Re 4984- dt 23-4-14 Forwards copy of the above

NOTE—Contn. sheet.

GPB—60,000—7-11-13

FINANCIAL.

No. Fl. 4932-81—*G. F.* 163-13-1, *dated* 22*nd April* 1914.

The following rules explaining the concessions that will be given to promoters of Light Railways in the State are published for general information.

By Order,

J. S. CHAKRAVARTI,
Financial Secretary to Government.

Terms on which the Government of His Highness the Maharaja of Mysore are prepared to consider offers for the construction of branch lines of Railway within the State.

---

1. The concessions to be given to promoters of Light Railways in the State will be decided in each case by Government and embodied in detail in separate agreements. Such concessions will be generally on the lines adopted in British India (*vide* the latest rules published in the *Gazette of India*, Part I, dated 29th November 1913, pages 1304 to 1311) with the modification that the rate guaranteed in the Mysore State will be 4 per cent instead of 3½ per cent and with some minor changes indicated by the rules below or other special orders of Government. Extracts from the Government of India Rules adapted to local conditions are appended hereto (Annexure A). The present rules relate only to arrangements for financing local railway projects.

2. Whenever a District Board, a private company or any other body offers to raise capital for constructing a feeder railway, the Government may, after such enquiry as they may deem fit, guarantee the payment of interest on such capital at 4 per cent per annum for a period not exceeding 30 years.

3. In the matter of affording guarantee and granting other concessions, Government will give preference to lines according to their importance and also according to the proportion of capital raised locally by the financing body. Government reserve to themselves the power of rejecting applications without assigning any reason.

4. If any line guaranteed under Rule 2 works at a loss, that is, pays less than 4 per cent per annum on the paid-up capital, an amount sufficient to raise the return to 4 per cent on the whole capital will be paid from State Funds.

5. If the line works at a profit of over 4 per cent, half the profit in excess of 4 per cent will go to the State.

6. As an alternative arrangement to that contained in paragraph 4, the amounts drawn from the State Funds during a period of loss may be treated as an advance to the particular railway to be repaid with interest at 4 per cent. In that case in modification of the arrangement in Rule 5, the whole of the profits during a period of profit will be available to the owner or owners of the railway, no part of the profits going to the State Funds.

7. Whenever a railway is constructed in a district which has accumulated fund of railway cess imposed under clause 1 (*a*) of Section 20 of the Local Boards Regulation, all payments required to be made under Rule 4 will be made out of such railway cess fund as far as available and the balance from State Funds. In such a case, any profits derived under Rule 5 will be divided between the District Fund and the State Funds in proportion to the contribution made by each.

8. The foregoing rules will apply *mutatis mutandis* to cases where capital is furnished by more than one financing body.

ANNEXURE A.

EXTRACTS REFERRED TO IN RULE 1.

(i) The prospectus for the purpose of inviting subscriptions for providing capital for the line must be submitted to, and approved by, the Government before issue.

(ii) The railway shall be built according to plans and estimates approved by Government, and must conform to the fixed and moving dimensions for the time being prescribed. The gauge of the lines, the route followed, the situation of stations, and details of a similar character shall be subject to the approval of the Government.

(iii) All land which is, in the opinion of Government, required for the construction of the line, will be provided free of charge, including land permanently or temporarily required for quarrying ballast, for brickfields, and similar purposes.

(iv) The results of existing surveys will be made available to persons applying for concessions under these rules. In cases in which this is considered advisable by Government, fresh surveys will be made at the request of promoters inquiring into the probable prospects of any projected line, on the understanding that no preferential claim to a concession for the construction of the line is thereby established. If permission be eventually given for the construction of any line, the cost of all surveys, whether special surveys or surveys previously made at the cost of or with the approval of Government, shall, at the discretion of Government, be included in the capital cost of the railways. The Government expressly disclaim all responsibility for the accuracy of any survey, plan, estimate or other information supplied by them.

(v) Arrangements will be made with the Government of India for the supply of electric telegraphs and telegraphic appliances and for their maintenance by them at the charges and on the conditions in force for the time being for similar services on State Railways in British India.

(vi) The Government will grant assistance to financing bodies in the shape of a guarantee of interest (4 per cent in Mysore).

(vii) All agreements for lines constructed under these terms shall include a special purchase clause permitting Government to purchase the lines at any time, after giving one year's notice, in the following cases:—

(1) When the Government consider it desirable that the gauge of the branch line should be altered.

(2) When it is desired to convert the branch line into a line of through communication.

(3) When the Government desire to extend the branch line (without altering the gauge or making the line part of a through route), and the branch line company is unable or unwilling to supply the necessary capital for such extension.

In the event of a line being purchased under this clause, the price payable shall be 25 times the average net earnings (excluding payments on account of guarantee) during the three years preceding the purchase, or 115 per cent of the capital expenditure on the line, whichever may be the greater.

(viii) The agreements shall also include an ordinary purchase clause permitting the Government to purchase the lines at the expiry of 30 years. The price payable on purchase under this clause shall be 25 times the average net annual earnings (excluding payments on account of guarantee) during the three years preceding the purchase, subject to a maximum of 120 per cent and a minimum of 100 per cent of the capital expenditure on the line at the time of purchase.

Exhibit MM.

No.

Government of H.H. the Maharaja of Mysore.

Financial Department.

Dated Bangalore, April 1914

NOTIFICATION

The following rules explaining the concessions that will be given to promoters of Light Railways in the State are published for general information:-

By Order,

Financial Secretary to Govt.

RULES FOR FINANCING FEEDER RAILWAYS IN MYSORE.

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1. The concessions to be given to promoters of Light Railways in the State will be decided in each case by Government and embodied in detail in separate agreements. Such concessions will be generally on the lines adopted in British India (vide the latest rules published in the Gazette of India, Part I, dated 29th November 1913, pages 1304 to 1311) with the modification that the rate guaranteed in the Mysore State

will be 4% instead of 3½% and with some minor changes indicated by the rules below or other special orders of Govern ment. Extracts from the Government of India rules adapted to local conditions are appended hereto - Annexure A. The present rules relate only to arrange-ments for financing local Railway pro-jects.

2. Whenever a District Board, a private Company or any other body of-fers to raise capital for constructing a feeder railway, the Government may, after such enquiry as they may deem fit guarantee the payment of interest on such capital at 4% per annum for a period not exceeding 30 years.

3. In the matter of affording guar-antee and granting other concessions, Government will give preference to line lines according to their importance and also according to the proportion of capital raised locally by the financing body. Government reserve to themselves the power of rejecting applications without assigning any reason.

4. If any line guaranteed under Rule 2 works at a loss, that is, pays less than 4% interest per annum on the paid up capital, an amount sufficient to raise the return to 4% on the whole capital will be paid from State Funds.

5. If the line works at a profit of over 4%, half the profits in excess

of 4% will go to the State.

6. As an alternative arrangement to that contained in paragraph 4, the amounts drawn from the State funds during a period of loss may be treated as an advance to the particular Railway to be repaid with interest at 4%. In that case in modification of the arrangement in rule 5, the whole of the profits during a period of profit will be available to the owner or owners of the Railway, no part of the profits going to the State Funds.

7. Whenever a railway is constructed in a District which has an accumulated fund of railway cess imposed under clause 1 (a) of Section 20 of the Local Boards Regulation, all payments required to be made under rule 4, will be made out of such railway cess fund as far as available and the balance from State funds. In such a case, any profits derived under rule 5 will be divided between the District Fund and the State Funds in proportion to the contribution made by each.

8. The foregoing rules will apply <u>mutatis mutandis</u> to cases where capital is furnished by more than one - -- financing body.

Extracts referred to in Rule 1.

(1) The prospectus for the purpose of inviting subscriptions for providing capital for the line must be submitted to, and approved by, the Government before issue.

(ii) The railway shall be built according to plans and estimates approved by the Government, and must conform to the fixed and moving dimensions for the time being prescribed. The gauge of the line, the route followed, the - - situation of stations, and details of a similar character shall be subject to the approval of the Government.

(iii) All land which is, in the opinion of Government, required for the construction of the line, will be provided free of charge, including land permanently or temporarily required for quarrying ballast, for brickfields, and similar purposes.

(iv) The results of existing surveys will be made available to persons applying for concessions under these rules. In cases where this is considered advisable by Government, fresh surveys will be made at the request of promoters inquiring into the probable prospects of any projected line, on the understanding that no preferential claim to a concession for the construction

of the line is thereby established. If permission be eventually given for the construction of any line, the cost of all surveys, whether special surveys or surveys previously made at the cost of or with the approval of Government, shall, at the discretion of Government, be included in the capital cost of the Railway. The Government ~~s~~ expressly disclaim all responsibility for the accuracy of any survey, plan, estimate or other information supplied by them.

(v) Arrangements will be made with the Government of India for the supply of electric telegraphs and telegraphic appliances and for their maintenance by them at the charges and on the conditions in force for the time being for similar services on State Railways in British India.

(vi) The Government of India will grant financial assistance to financigg bodies in the shape of a guarantee of interest (3½% in British India and 4% in Mysore).

(vii) All agreements for lines constructed under these terms shall include a special purchase clause permitting the Government to purchase the lines at any time, after giving one year's notice, in the following cases:-

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branch line should be altered.

(2) When it is desired to convert the Branch line into a line of through communication.

(3) When the Government desire to extend the branch line (without altering the gauge or making the line part of a through route), and the branch line company is unable or unwilling to supply the necessary capital for such extension.

In the event of a line being purchased under this clause, the price payable shall be 25 times the average net earnings (excluding payments on account of guarantee) during the three years preceding the purchase, or 115 per cent of the capital expenditure on the line, whichever may be the greater.

(viii) The agreements shall also include an ordinary purchase clause permitting the Government to purchase the lines at the expiry of 30 years. The price payable on purchase under this clause shall be 25 times the average net annual earnings (excluding payments on account of guarantee) during the three years preceding the purchase, subject to a maximum of 120 per cent and a minimum of 100 per cent of the capital expenditure on the line at the time of purchase.

No. Fe 4932-81
97163-13-1

Govt. of H.H. the Maharaja of Mysore,

Financial Department.

Dated Bangalore, 22 April 1914

N O T I F I C A T I O N

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By Order,

Finl Secretary to Govt.

Terms on which the Government of H.H. the Maharaja of Mysore are prepared to consider offers for the construction of branch lines of Railway within the State.

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1. The concessions to be given to promoters of Light Railways in the State will be decided in each case by Government and embodied in detail in separate agreements. Such concessions will be generally on the lines adopted in British India (vide the latest rules published in the Gazette of India, Part I, dated 29th November 1913, pages 1304 to 1311) with the modification that the rate guaranteed in the Mysore State

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(iv) The results of existing surveys will be made available to persons applying for concessions under these rules. In cases ~~where~~ in which this is considered advisable by Government, fresh surveys will be made at the request of promoters inquiring into the probable prospects of any projected line, on the understanding that no preferential claim to a concession for the construc-

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of the line is thereby established. If permission be eventually given for the construction of any line, the cost of all surveys, whether special surveys or surveys previously made at the cost of or with the approval of Government, shall ~~be~~ at the discretion of Government be included in the capital cost of the Railway. The Government ~~expre~~ expressly disclaim all responsibility for the accuracy of any survey, plan, estimate or other information supplied by them.

(v) Arrangements will be made with the Government of India for the supply of electric telegraphs and telegraphic appliances and for their maintenance by them at the charges and on the conditions in force for the time being for similar services on State Railways in British India.

(vi) The Government ~~of India will~~ grant ~~financial~~ assistance to financing bodies in the shape of a guarantee of interest (3½% in British India and 4% in Mysore).

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Financial Secretary